

## Message Text

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ACTION IO-14

INFO OCT-01 AF-10 ARA-10 EA-10 EUR-12 NEA-10 ISO-00

L-03 FRB-03 OMB-01 ITC-01 SP-02 USIA-06 AGRE-00

AID-05 CIAE-00 COME-00 EB-08 INR-07 LAB-04

NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00 CEA-01 SS-15

MMO-01 /131 W

-----037131 241832Z /41

R 241325Z AUG 77

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 5594

INFO USMISSION GENEVA

USMISSION USUN NEW YORK

C O N F I D E N T I A L SECTION 1 OF 2 NEW DELHI 11932

E.O. 11652: GDS

TAGS: ECON, EGEN, UNCTAD, IN

SUBJECT: MULTILATERAL AFFAIRS: UNCTAD COMMON

FUND MEETING

REF: STATE 191312

1. THE INTERNAL POLITICS OF THE GROUP OF 77 PREVENT ANY ONE COUNTRY FROM DOMINATING THEIR GOALS FOR THE UNCTAD INTEGRATED PROGRAM, OR EVEN THE TACTICS USED. NONETHELESS, INDIA'S WEIGHT IN THIRD WORLD TRADE (OVER \$6 BILLION IN EACH DIRECTION THIS YEAR) AND THE DIPLOMATIC ABILITY OF ITS DELEGATIONS ASSURE IT A MAJOR VOICE IN THESE DELIBERATIONS. THE GOI WAS SLOW TO DEVELOP STRONG VIEWS ON THE INTEGRATED PROGRAM BECAUSE ITS TRADE INTERESTS ARE SO DIVERSE IT COULD COME TO GRIPS WITH THE PROGRAM'S IMPLICATIONS ONLY WITH DIFFICULTY. IT NOW HAS STRONGLY HELD POLICY TOWARDS COMMON FUND AND OTHER ELEMENTS OF PROGRAM (SEE SEPTTEL) AND CAN BE EXPECTED TO PURSUE ITS INTERESTS WITH VIGOR.

2. RESPONSIBILITY FOR INSTRUCTING INDIAN DELEGATIONS TO  
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UNCTAD MEETINGS LIES WITH MINISTRY OF COMMERCE AND, WITHIN MINISTRY, WITH JOINT SECRETARY S.P. SHUKLA. SHUKLA HAS OTHER MAJOR RESPONSIBILITIES IN THE INTERNATIONAL TRADE FIELD (MTN, GATT, MFA, AND GSP), BUT DIRECTS A UNIT WORKING ON UNCTAD HEADED BY A DEPUTY SECRETARY. THIS UNIT IS EXPECTED TO COORDINATE THE DEVELOPMENT OF POSITIONS ON UNCTAD MATTERS WITH ALL INTERESTED OFFICIALS THROUGHOUT INDIAN BUREAU-

CRACY (SEE FOLLOWING PARAGRAPHS). SHUKLA REPORTS DIRECTLY TO COMMERCE SECRETARY P.C. ALEXANDER WHO IS SENIOR CIVIL SERVANT IN COMMERCE MINISTRY. WHILE ALEXANDER IS HIGHLY ABLE AND RESPECTED, AND ATTENDED UNCTAD IV, HE IS NOT PERSONALLY INVOLVED IN POLICY FORMULATION OR DECISION MAKING. COMMERCE MINISTRY(S CHIEF ECONOMIC ADVISOR A.K. GUPTA APPARENTLY ALSO PLAYS A ROLE, ALBEIT SECONDARY, IN GENERAL POLICY FORMULATION IN THIS AREA. MINISTRY IS HEADED BY CABINET MEMBER MOHAN DHARIA AND NEWLY-APPOINTED MINISTER OF STATE ARIF BEG. WE DOUBT THAT DHARIA HAS MORE THAN PASSING ACQUAINTANCE WITH ISSUES INVOLVED IN COMMON FUND NEGOTIATIONS AS DOMESTIC ISSUES HAVE REQUIRED HIS FULL ATTENTION. BEG HAS YET TO ASSUME ANY ROLE IN THE MINISTRY.

3. OTHER OFFICERS IN THE MINISTRY OF COMMERCE AND IN OTHER MINISTRIES HAVE RESPONSIBILITY FOR PARTICULAR PARTS OF INTEGRATED PROGRAM. WHILE JUTE AND COOTON TRADE, FOR EXAMPLE, ARE THE RESPONSIBILITY OF THE COMMERCE MINISTRY (AND ARE HANDLED BY OFFICERS OTHER THAN SHUKLA), SUGAR, HARD FIBERS, AND THE MINERAL ORES ARE THE RESPONSIBILITY OF SEPARATE MINISTRIES (RESPECTIVELY AGRICULTURE, INDUSTRY, AND STEEL AND MINES). THE APPROVAL OF THESE MINISTRIES IS OBTAINED IN DEVELOPING INSTRUCTIONS FOR GOI DELEGATIONS TO PARTICULAR COMMODITY TALKS AND FREQUENTLY THE SPECIALIST OFFICIAL FROM THESE OTHER MINISTRIES LEADS THE GOI DELEGATION.

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4. WITH REGARD TO THE COMMON FUND, THE MINISTRY OF FINANCE HAS TAKEN ON AN ACTIVE ROLE THIS YEAR. RESPONSIBILITY AT THE WORKING LEVEL FALLS ON DEPUTY SECRETARY V.K.S. NAIR WHO WAS A MEMBER OF THE INDIAN DELEGATION TO THE MARCH NEGOTIATING CONFERENCE AND TO EARLIER PREPARATORY MEETINGS. NAIR EXPECTS TO GO TO GENEVA AGAIN IN NOVEMBER. NAIR REPORTS TO THE MINISTRY'S CHIEF ECONOMIC ADVISER, R.M. HONAVAR, AN ACCOMPLISHED ECONOMIST AND FORMER ECONOMIC MINISTER AT INDIAN HIGH COMMISSION IN LONDON. HONAVAR IS WELL VERSED IN ALL ASPECTS OF NORTH-SOUTH RELATIONS BUT HIS RESPONSIBILITIES HAVE KEPT HIM ALMOST ENTIRELY CAUGHT UP IN DOMESTIC AFFAIRS. GOI OFFICIALS ABOVE HONAVAR -- ECONOMIC SECRETARY MANMOHAN SINGH AND MINISTER H.M. PATEL -- HAVE EVIDENTLY NOT BECOME INVOLVED IN ANY WAY IN COMMOND FUND OR OTHER COMMODITY TRADE ISSUES. K.G. VAIDYA, WAS MINFINANCE OFFICIAL IN CHARGE OF TRANSFER OF RESOURCES, IMF REFORM AND OTHER NORTH-SOUTH ISSUES BEFORE HIS TRANSFER TO PARIS IN EARLY 1976 AS RESIDENT HEAD OF THE INDIAN CIEC DELEGATION. ALTHOUGH STILL WITHOUT AN ASSIGNMENT BACK IN DELHI, HE MAY WELL TAKE ON SOME CONTINUING ACTIVE ROLE IN THIS AREA

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C O N F I D E N T I A L SECTION 2 OF 2 NEW DELHI 11932

5. LASTLY, MINISTRY OF EXTERNAL AFFAIRS HAS A SMALL STAFF WORKING ON NORTH-SOUTH ECONOMIC ISSUES. IT HAD RESPONSIBILITY FOR DEVELOPING INSTRUCTIONS TO INDIAN CIEC PARIS DELEGATION HEADED BY MINFINANCE OFFICIAL K.G. VAIDYA, AND IS COORDINATING POINT FOR ALL UNGA AND ECOSOC MATTERS. MEA IS HEADED BY V. AHUJA, SECRETARY FOR ECONOMIC AFFAIRS, WHO IS HEAD OF DELEGATION AT ALL SENIOR OFFICIALS MEETINGS. AHUJA IS A CAREER DIPLOMAT WHO IS NOT PARTICULARLY EXPERIENCED IN ECONOMIC OR INTERNATIONAL TRADE AFFAIRS. WORKING DIRECTLY UNDER AHUJA IS DEPUTY SECRETARY ARUNDHATI GHOSH WHO IS COORDINATING OFFICER FOR MEA IN INTERAGENCY WORKING GROUPS ON ALL NORTH-SOUTH MATTERS. THE HEAD OF THE MINISTRY'S UN DIVISION, JOINT SECRETARY N.P. JAIN, HAS PLAYED VIRTUALLY NO ACTIVE ROLE IN THE PAST ON ECONOMIC MATTERS BUT MAY DO SO IN THE FUTURE AS THE NORTH-SOUTH DIALOGUE IS PICKED UP IN THE UN IN THE WAKE OF CIEC. BOTH JAIN AND GHOSH HAVE SEVERAL YEARS EXPERIENCE AT GOI MISSION IN NEW YORK. FOREIGN MINISTER VAJPAYEE HAS NO BACKGROUND IN INTERNATIONAL ECONOMIC AFFAIRS AND WE BELIEVE HE HAS PLAYED NO

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ROLE SO FAR IN THIS AREA.

6. OVERSEAS MISSIONS: WITH THE DEPARTURE OF AMBASSADOR CHADHA FROM THE INDIAN MISSION IN GENEVA AT THE END OF LAST YEAR, AND HIS REPLACEMENT BY A. HODA (WITHOUT THE RANK OF AMBASSADOR), THE IMPORTANCE OF THAT MISSION IN DETERMINING INDIAN POLICY ON UNCTAD MATTERS HAS BEEN VIRTUALLY ELIMINATED. THIS IS EQUALLY TRUE OF THE ECONOMIC SIDE OF THE INDIAN MISSION IN NEW YORK. FORMER INDIAN REP TO SCOSOC, SAAD HASHMI, WAS VERY CAPABLE OFFICER BUT THE MISSION PLAYED NO ROLE IN POLICY FORMULATION. A PECULAR SITUATION HAD EXISTED IN THE PAST WHILE K.B. LALL WAS INDIAN AMBASSADOR TO THE EUROPEAN COMMON MARKET. ALTHOUGH RESIDENT IN BRUSSELS, LALL WAS RECOGNIZED AS THE SENIOR GOI OFFICIAL COGNIZANT OF TRADE BETWEEN INDIA AND THE DEVELOPED COUNTRIES AND WAS FREQUENTLY DETAILED TO UNCTAD AND UN MEETINGS. LALL IS NOW IN DELHI AWAITING REASSIGNMENT AND WILL BE REPLACED BY P.K. DAVE.

7. DECISION-MAKING PROCESS: THE DRAFTING OF GOI POSITIONS FOR UNCTAD MEETINGS BEGINS WITH SHUKLA'S DEPUTY UNDER HIS DIRECT GUIDANCE. IN SOME CASES, DRAFTING MAY BE DELEGATED TO SPECIALIZED OFFICER IN OTHER MINISTRY. SHUKLA, GHOSH AND NAIR, AS WELL AS SPECIALIZED OFFICERS AS APPROPRIATE, FORM WORKING-LEVEL INTERAGENCY CLEARING COMMITTEE. ALL IMPORTANT DECISIONS ARE FORWARDED TO RESPECTIVE SECRETARIES FOR APPROVAL. MINISTERIAL APPROVAL PROBABLY ONLY OCCURS WHEN MINISTER WILL PERSONALLY ATTEND MEETING. GOI ATTEMPTS TO SEND RESPONSIBLE OFFICIAL FROM CAPITAL WHENEVER IT JUDGES THAT DECISIONS IMPORTANT TO ITS CONFIDENTIAL

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INTERESTS WILL BE TAKEN AHEAD OF A CONFERENCE (E.G., FOOD SECRETARY FROM MINAGRICULTURE ATTENDED LONDON SUGAR CONSULTATIONS, SHUKLA HIMSELF HAS GONE TO CURRENT TDB SESSION). IN OTHER CASES, GOI PROVIDES GUIDANCE TO DELEGATIONS IN TERMS OF BROAD POLICY DIRECTION AND AREAS OF PARTICULAR INTEREST TO INDIA. IN ABSENCE OF SENIOR OFFICIAL FROM NEW DELHI, INDIAN DELEGATIONS IN GENEVA AND NEW YORK WILL SEEK APPROVAL FROM CAPITAL BEFORE COMMITTING GOI AT MEETING.

8. IT WILL BE EVIDENT FROM ABOVE DESCRIPTION THAT GOI POLICY ON THE COMMON FUND IS DETERMINED HERE IN NEW DELHI AND INTEREST WITHIN THE GOVERNMENT IS HIGH

VISIT BY US EXPERT THEREFORE WOULD BE MOST USEFUL IN

FURTHERING US GOAL OF SUCCESSFUL COMMON FUND NEGOTIA-  
TION. IN VIEW OF THE ADVANCED STATE OF GOI POLICED  
LEGRMULATION IN THIS AEA, THE SOONER A BILATERAL  
DISCUSSION OF THESE ISSUES BEGINS THE MORE LIKELY  
POSITIVE RESULT CAN BE ACHIEVED. THE US EXPERT SHOULD  
BE PREPARED TO DISCUSS GOI PROPOSALS FOR "SECOND  
WINDOW" ACTIVITIES. THEY HAVE BEEN ACTIVELY PRO-  
SELYTIZING THIS CAUSE WITHIN THE G-77 AND HAVE  
BELIEVED THAT USG COULD BE WON AROUND TO ACCEPTING  
THIS AS IMPORTANT ELEMENT IN FUND FUNCTIONS. (1 33  
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## Message Attributes

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